



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
Insurance Building, PO Box 43113 · Olympia, Washington 98504-3113 · (360) 902-0555

February 9, 2004

TO: The Honorable Joseph Zarelli, Chair The Honorable Margarita Prentice
 Senate Ways and Means Committee Senate Ways and Means Committee

 The Honorable Mike Hewitt The Honorable Darlene Fairley
 Senate Ways and Means Committee Senate Ways and Means Committee

 The Honorable Hans Dunshee, Chair The Honorable Gary Alexander
 House Capital Budget Committee House Capital Budget Committee

FROM: Marty Brown, Director *MB*

SUBJECT: ADDITIONAL 2004 SUPPLEMENTAL CAPITAL BUDGET INFORMATION

We respectfully submit the following modifications to the Governor's supplemental capital budget from agency requests that have been recently presented to the Office of Financial Management. Information from the agencies will be forwarded under separate cover.

Legislative Building Rehabilitation

The Department of General Administration (GA) originally requested \$7.9 million to complete the rehabilitation of the Legislative Building in time to re-open for the 2005 legislative session. The request is based on additional costs for earthquake repairs, asbestos and hazardous materials abatement, scheduling impacts, security upgrades, newly discovered conditions, and additional code requirements. Some of the costs may be offset by as much as \$6.5 million in additional funding from the Federal Emergency Management Agency (FEMA) and a Homeland Security grant request. Of the \$6.5 million, \$800,000 was recently obligated by FEMA for the project.

Because of the potential timing of FEMA reimbursement and the Homeland Security grant, OFM recommends that a supplemental request be considered in the amount of \$7.1 million (GA's revised request after receiving \$800,000 from FEMA). The proposed funding source is the State Building Construction Account. If the Legislature chooses to not act on this request due to the possible reimbursements, OFM may consider managing any negative balances for the project on a cash flow basis. If needed, a supplemental capital budget request for the 2005 legislative session will be considered.

Department of Ecology Water Conveyance Infrastructure Projects

The Department of Ecology requests that proviso language be added to Section 213 of the Governor's proposed capital budget. The purpose of the language is to provide more details and guidance on how water conveyance infrastructure grant funding would be utilized.



The proviso language would read as follows:

“(4) The remainder of the state building construction account appropriation in this section is provided solely for grants to finance water infrastructure and conveyance projects in twenty-eight priority salmon basins. The purpose of this funding is to develop projects and take other water management actions that benefit stream flows and enhance water supply that resolves conflicts among water needs for municipal water supply, agricultural water supply, and fish restoration. The streamflow or other public benefits should be commensurate with the investment of state funds.

(5) Priority for the use of these funds must be given to projects that have been identified for early action through watershed plans, comprehensive irrigation district management plans, or similar plan; or to projects that are part of an approved habitat conservation plan, or other intergovernmental agreement. Projects may precede completion of comprehensive watershed plans if resolution of the conflicts is necessary and the actions are compatible with the long-term planning effort. The department shall seek local and federal funds to augment the funding provided by this appropriation.”

Eastern Washington Historical Society/Cheney Cowles Museum

The Eastern Washington State Historical Society (EWSHS) is requesting an additional \$2 million to address construction claim defense and settlement costs on the Cheney Cowles Museum. Funding totaling \$1.2 million is proposed in Section 244 of the Governor’s capital budget.

In September, the EWSHS submitted a capital supplemental budget request for \$1.2 million for resources to develop a comprehensive response to a claim by Bodell Construction Company. After two days of negotiation conducted by a professional mediator, a settlement was reached among EWSHS, Bodell Construction Company, and seven subcontractors on January 31, 2004. The settlement was made contingent upon an appropriation of funding during the current legislative session.

Please do not hesitate to contact me or my capital budget staff if you have any questions.

cc: David Schumacher, Senate Ways and Means Committee
Charlie Gavigan, House Capital Budget Committee